

California Public Utilities Commission

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NEWS RELEASE

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CPUC, EOB STAFFS ISSUE REPORTS ON PG&E DEC. 8, 1998 OUTAGE

The staffs of the California Public Utilities Commission (CPUC) and the California Independent System Operator (Cal-ISO) through the Electricity Oversight Board (EOB) today issued their reports on the Pacific Gas & Electric (PG&E) electricity outage on December 8 last year that left 456,000 customers in San Francisco and the Peninsula without power for up to 7 hours.

The CPUC is charged with assuring the reliability and safety of PG&E's electric distribution system. The Cal-ISO is the entity responsible for the reliable operations of the California Transmission Grid, which includes PG&E's transmission system. The Electricity Oversight Board has the responsibility of ensuring that the Cal-ISO has performed its responsibility of investigating this power outage in a satisfactory manner.

CPUC President Richard Bilas, who is in charge of the fact-finding investigation, stated: "I welcome these two forward-looking reports on this unprecedented event. The CPUC will co-ordinate with the EOB and ISO to determine future protocols for investigations, such as this one, involving a blend of transmission and distribution events. I anticipate a final order which adopts the most appropriate of the ISO/EOB and CPUC recommendations."

Gary Heath, Executive Director of the EOB, concurred with President Bilas, stating, "The Cal-ISO and EOB are looking forward to coordinating with the CPUC in the next phase of the proceeding."

"As a result of this dual inquiry," President Bilas concluded, "now the public knows how the outage happened, and PG&E can move forward under the direction of the CPUC and EOB to enhance its operating procedures to make sure an outage like this doesn't happen again. I'm confident that PG&E will do so in a timely and efficient manner."

The day after the outage, President Bilas called for the issuance of an Order Instituting Investigation on an emergency basis at the next scheduled Commission meeting, December 17. At that meeting, in its order, the Commission directed

Energy Division and Consumer Services Division staff to investigate the causes of the outage, and propose ways to prevent any such outages in the future.

As part of its control area responsibilities, the Cal-ISO began its investigation when PG&E informed the Cal-ISO of the outage on the morning of December 8. The two reports complement one another in coverage and analysis, and, together with PG&E's own investigation report, will form the basis for public review of the causes of the outage and measures to prevent a recurrence.

The two reports agree that the outage was caused by errors committed by a work crew at PG&E's San Mateo Substation, which led to a "ground fault," arising when measures designed to ensure worker safety were mistakenly left in place when workers

finished the job and tried to re-energize the equipment. The resulting ground fault caused voltage fluctuations and caused parts of PG&E's system to the north of San Mateo to shut down, as they are designed to do to prevent further damage. The shutdowns led to customer outages.

The CPUC staff's report identifies 27 specific areas for improvement in PG&E management's control of workers, specific operating procedures, and the design of the protection systems in place to preserve San Francisco's critical load in the event of future voltage fluctuations.

Though critical of the events that led to the outage, the CPUC staff report does find that "PG&E's work force is generally competent and motivated, and PG&E's senior management is open, involved, and receptive to continuous improvement."

The purpose of the Cal-ISO's investigation was to review the cause and extent, as well as restoration action during the power disturbance, in order to identify areas of improvement, and implement corrective actions that will eliminate the possibility of occurrence of similar events in future. The investigation led to the development of a set of conclusions and recommendations that are aimed at enhancing the reliability of the California Transmission Grid.

As the control area operator, it is the responsibility of the Cal-ISO to ensure that PG&E adopts all its recommendations and implements appropriate corrective actions in a timely manner. The Cal-ISO will share the lessons learned from this experience with the two other Participating Transmission Owners (Southern California Edison and San Diego Gas and Electric) in its service territory and with other utilities throughout the United States. This experience will also be used to develop and improve processes that will help the Cal-ISO and other market participants deal with future major system events in a safe and efficient manner.

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